

ANNUAL DRAFT BUDGET OF

# **VHEMBE DISTRICT MUNICIPALITY**

2012/13 TO 2014/15

MEDIUM TERM REVENUE AND  
EXPENDITURE FORECASTS

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## **1.1 MAYOR'S REPORT**

### ***Mayor's Report***

**EXECUTIVE MAYOR'S REPORT TO THE 2012/13 IDP REVIEW AND 2013/14  
DRAFT BUDGET COUNCIL MEETING OF 31 MARCH 2012**

Madam Speaker

**Member of Mayoral Committee and fellow Council Members**

**Traditional leaders present**

**Distinguished Guests**

**Members of the Public present**

**Good Afternoon!**

It is indeed a privilege and an honour for me to preside in this important Council meeting. Principal to this meeting is to table the draft 2012/13 IDP Review and the 2013/15 draft budget estimates.

This Council meeting comes after the political tone on the focus of this year has been set by the National State of the Nation Address and National Budget Speech by the National President and National Minister of Finance. We are tabling this draft IDP Review and draft Budget Estimates when priorities of the Province Limpopo have already been pronounced by the Honourable Premier Cassel Mathale. This has the reminder that as we table our budget with its District priorities, it should also be addressing national and provincial priorities.

Madam Speaker and fellow councilors, I would have failed in my responsibility if I don't render this item. Allow me on behalf of all of us Councillors to congratulate the elevation of one of our own, former Executive Mayor Florence Dzombere, who has been appointed

MEC for Safety and Liaison in the Limpopo government. Cde Florence Dzhombere during her tenure as the Executive Mayor of Vhembe District Municipality has led by example, a hands on leader.

A courageous leader of the collective, believer of democratic consultation, one who strives for unity of social cohesions as she put all her effort to bring service delivery to the people of Vhembe District. Her leadership style clearly showed what her organization the ANC is capable of producing in leadership. We wish her well in her new responsibility and we know that her success is guaranteed. Malibongwe i gama lamakosikazi!

### **Madam Speaker**

The tabling of the draft IDP Review and draft Budget Estimates as per our guiding legislations, the Municipal Systems Act, 32 of 2000 and the MFMA 56 of 2003, require that one tabled by Council should be subjected to the public for comments and inputs. This is also to comply with the fundamental principle of our democracy that the people shall govern. The public consultation process will make our budget the People's Budget. This will lead to the consolidation informed by the inputs and comments from the public.

### **Madam Speaker and Fellow Council Members**

Allow me to table the draft 2012/2013 IDP Review and the 2012/15 draft budget. This is a draft IDP Review which addresses the District key priorities on service delivery. These priorities in turn inform our budget estimates. As earlier indicated our priorities and the budget align to the key national and provincial priorities. Our mayor priority in the District remains water which impact on other services and areas of development like health, agriculture, critical for growing the district economy. As a water service authority, our responsibility is huge. We have as the District together with the rest of the country a responsibility to keep on addressing our tripe challenge of unemployment, poverty and in equality. This we do as we implement our infrastructure projects and programmes like the EPWP where labour intensive approach contributes to job creation.

## **Madam Speaker and Members of the Council**

The draft 2012/13 draft IDP Review and the draft 2012/15 Budget is a response to the community needs which have been prioritized and translated into an annual financial plan.

### **Revenue analysis**

Our revenue allocation for 2012/13 is R1 042 211. This is a decrease of 3% as compared to that of the previous financial year of R1 070 883 677. Our sources of revenue are mainly from the National Government i.e. grants as gazette by the Division of the Revenue Act (DORA). Other sources of revenue include own revenue from water sales and other services we provide.

### **Projected Revenue Source**

<b>REVENUE SOURCE</b>	<b>2012/13 BUDGET</b>	<b>2013/14 BUDGET</b>	<b>2014/15 BUDGET</b>
Conditional Grant	475 929 000	498 702 000	496 269 000
Unconditional Grant	476 439 000	511 035 000	549 640 000
Water Sales	41 391 870	43 709 815	46 157 564
SARS – VAT Refund	44 138 000	46 608 672	49 218 758
Interest	3 763 552	3 974 311	4 188 924
Other Income	551 407	582 286	614 894
<b>TOTAL</b>	<b>1 042 211 830</b>	<b>1 104 612 084</b>	<b>1 146 089 140</b>

## **Capital Projects**

**The following are capital project for this financial year**

<b>PROJECTS</b>	<b>ALLOCATION</b>
Roads	22 362 000
Sewer	28 150 000
Water Project	373 200 119.85
Rural Sanitation	26 000 000
Capital Outlay	53 271 458
<b>TOTAL</b>	<b>502 983 577.85</b>

## **Summary of the Operating and Capital Budget**

<b>OPERATING BUDGET</b>	<b>539 228 252</b>
<b>CAPITAL BUDGET</b>	<b>502 983 577.75</b>
<b>TOTAL</b>	<b>1 042 211 830</b>

Madam Speaker and Members of Council allow me to table the following items for consideration:

OC: 02/12/07: 7.1.1 – 7.1.6, an addendum which is 7.1.7 with the exception of 7.1.4

For consideration its item OC: 02/12/07: 7.2.1

Madam Speaker I so move



## **1.2 RESOLUTIONS**

On 30 March 2012 the Council of Vhembe District Municipality will meet at Vhembe Council Chamber to consider the annual draft budget of the municipality for the financial year 2012/13. The Council approved and adopted the following resolutions:

1. The Council of Vhembe District Municipality, acting in terms of section 24 of the Municipal Finance Management Act, (Act 56 of 2003) approves and adopts:
  - 1.1. The annual budget of the municipality for the financial year 2012/13 and the multi-year and single-year capital appropriations as set out in the following tables:
    - 1.1.1. Budgeted Financial Performance (revenue and expenditure by standard classification);
    - 1.1.2. Budgeted Financial Performance (revenue and expenditure by municipal vote);
    - 1.1.3. Budgeted Financial Performance (revenue by source and expenditure by type); and
    - 1.1.4. Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source.
  - 1.2. The financial position, cash flow budget, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are approved as set out in the following tables:
    - 1.2.1. Budgeted Financial Position as contained in Table 23.
    - 1.2.2. Budgeted Cash Flows as contained in Table 24;
    - 1.2.3. Cash backed reserves and accumulated surplus reconciliation as contained in Table 25.
    - 1.2.4. Asset management as contained in Table 26 and
    - 1.2.5. Basic service delivery measurement as contained in Table 27.
2. The Council of Vhembe District Municipality, acting in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts with effect from 1 July 2012:
  - 2.1. the tariffs for the supply of water – as set out in Annexure A

### 1.3 EXECUTIVE SUMMARY

- 1.3.1 The annual budget of Vhembe District Municipality for the financial year 2012/13, and the indicative allocations for the two projected outer years 2013/14 and 2014/15 and the multi year and single year capital appropriations be approved in accordance with section 16 of the Municipal Finance Management Act , 56 of 2003 as set-out in the following tables:

Budget Financial Performance (revenue and expenditure by standard classification).

Budget Financial Performance (revenue and expenditure by vote).

Multi-year and single year capital appropriations by municipal vote and standard classification and associated funding source.

That the financial position, cash flow, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are adopted as set-out in the following tables:

2.1.1 Budgeted Financial Position.

2.1.2 Budgeted Cash flow.

2.1.3 Cash backed reserves and accumulated surplus reconciliation.

2.1.4 Asset management.

2.1.5 Basic service delivery measurement.

The tabling of the 2012/2015 budget is a statement of our commitment to provide municipal services to the community of Vhembe District. The

operating budget totals R 539,228,252. The operating budget consist of the following expenditure items:

DESCRIPTION	TOTAL
Employee Related Cost	372,410,860
Councilor Remuneration	8,528,169
General Expenses	99,111,947
Repairs and Maintenance	59,177,275
TOTAL OPERATING.	539,228,252

Funding of the operating budget is mainly from the Equitable share allocation, Water operating subsidy grant received from Department of Water Affairs (DWA) and a portion of own funds.

To support the 2012/13 operating budget the Tariff structure has been reviewed and in summary, 10 % increase will be effected on the water tariff and 4,8 % increase on the sale of tender documents as well as the rental of Thusong Centre from the 1<sup>st</sup> July 2012. Provision has been made for the provision of free basic water and sanitation to the poor households.

The Capital Budget totals R 502 983 578 and is funded mainly through Government Grants and own revenue.

The municipality has also reviewed all the budget related policies to support the implementation of the Service Delivery and Budget Implementation Plan.

### 3.1 Total Service Delivery Package of the Municipality and associated financial implications

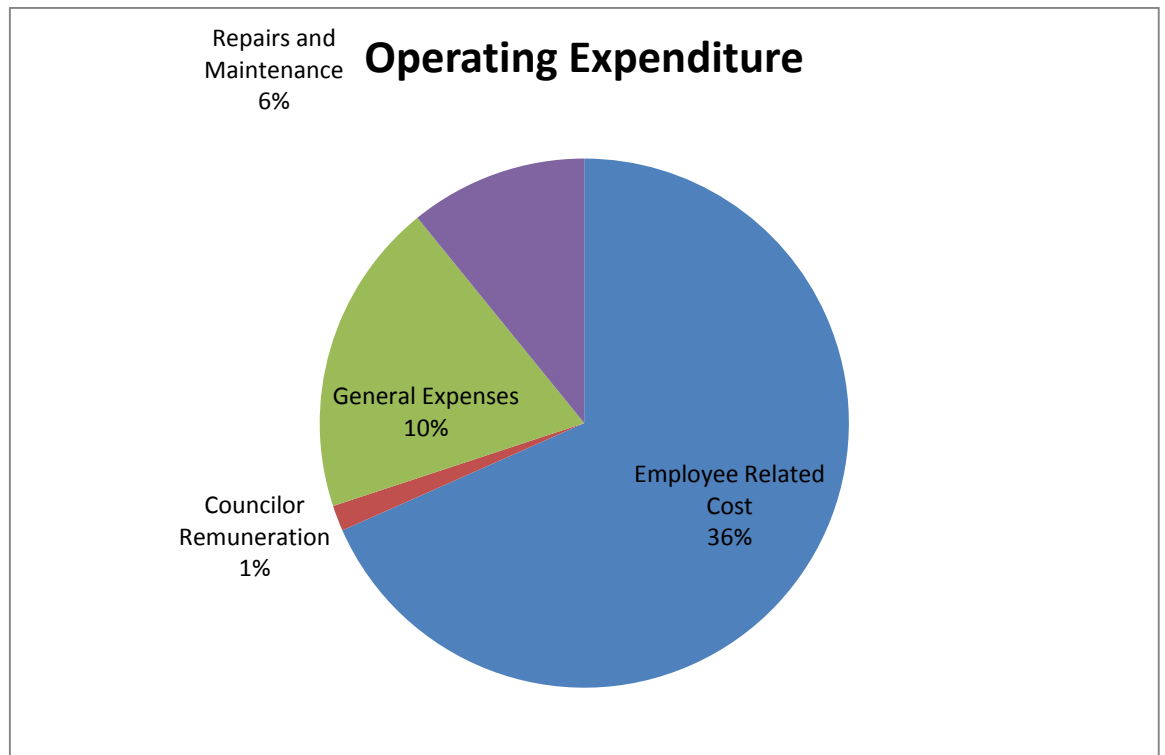
The municipality provides the following services:

<b>Service Provided</b>	<b>Operating Expenditure</b>
<b>Corporate Services</b>	
Budget and Treasury	R20 744 237
Corporate Services	R 40 117 771
Executive and Council	R 30 272 621
<b>Community Services</b>	
Fire Services	R 54 532 710
Environmental Health	R 11 824 800
<b>Infrastructure Services</b>	
Water and Sanitation	R399 200 120
Roads	R 22 362 000
<b>Total Cost</b>	<b>R579 054 259</b>

### 3.2 Effects of the Annual Budget

### 3.2.1 Operating Budget

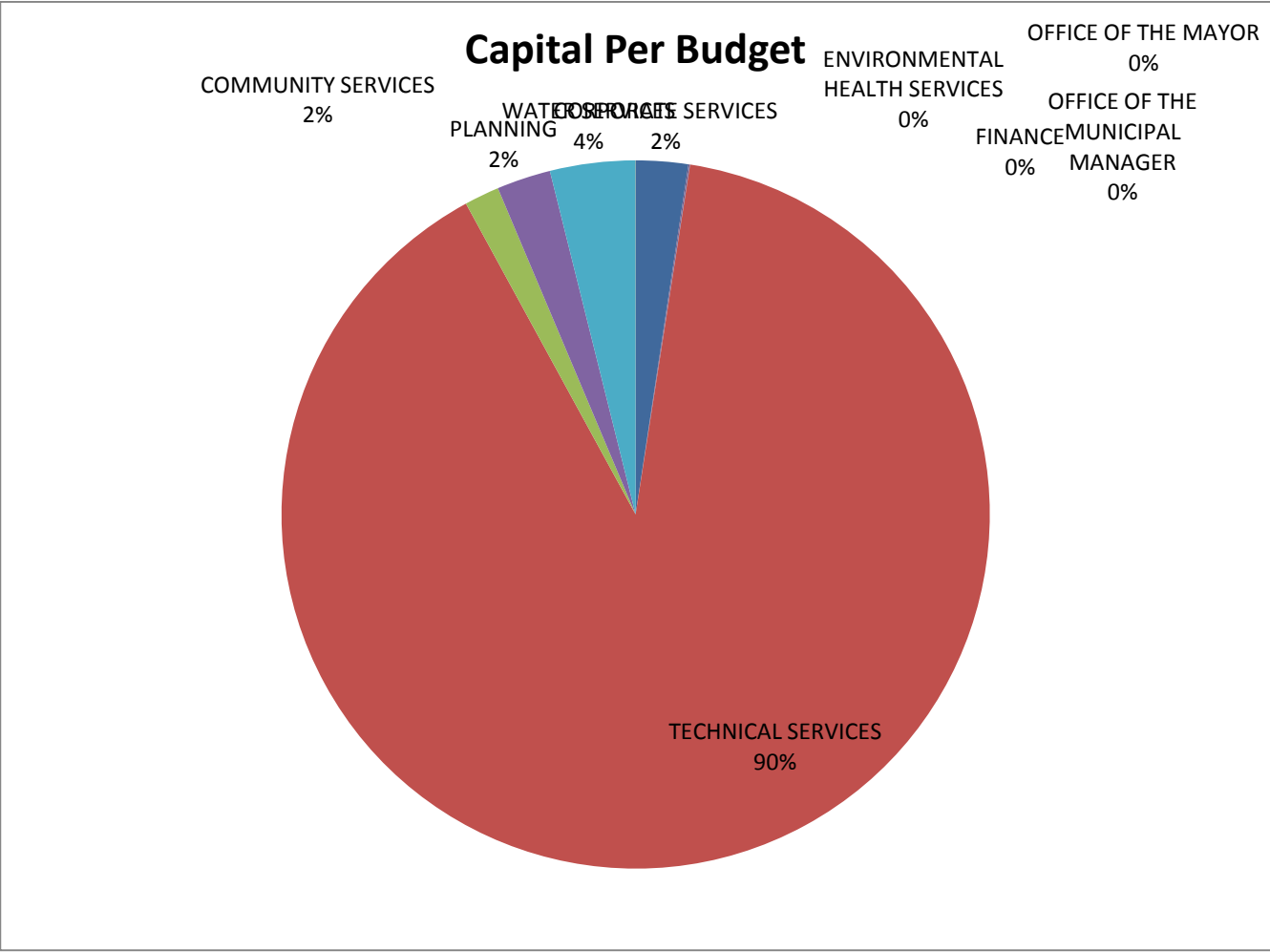
The operating budget amounts to R 545 656 781. The graphical presentation of the operating budget is as follows:





3.2.2 Capital Budget

Graphical presentation of the capital budget allocation per vote is as follows:



### 3.2.3 Revenue

The operating and capital budget is funded as follows:

<b>REVENUE BY SOURCE</b>	<b>2012/13 Budget</b>	<b>2013/14 Budget</b>	<b>2014/15 Budget</b>
Conditional grant	475,929,000	498,702,000	496,269,000
Unconditional Grant	476,439,000	511,035,000	549,640,000
Water Sales	41,391,870	43,709,815	46,157,564
SARS	44,137,000	46,608,672	49,218,758
Interest Receive	3,763,552	3,974,311	4,188,924
Other Income	551,407	582,286	614,894
	<u>1,042,211,830</u>	<u>1,104,612,084</u>	<u>1,146,089,140</u>

### 3.2.3 Priorities and linkages to the IDP

The Integrated Development Plan (IDP) determines and prioritises the needs of the community. The 2011/12 to 2013/14 Operating and Capital Budgets were prepared in accordance with the IDP. The key strategic focus areas of the IDP are as follows:

- Municipal transformation and development
- Service delivery and infrastructure development
- Local Economic development
- Financial sustainability and viability
- Good governance and public participation



The abovementioned strategic focus area informed the preparation of the Budget.

The table below illustrate the link between the Budget and the IDP

#### 3.2.4 Key amendments to the Integrated Development Plan

The Budget for 2012/2013 is linked to the Integrated Development Plan and evidence of such contained in the IDP document more information on the linkage of the IDP is contained in the attached supporting table 1 (reconcile if IDP and budget revenue) supporting table 2 (reconcile of IDP and budget operating expenditure and supporting table 3 (reconcile of IDP and budget capital expenditure.

### **ANNUAL BUDGET TABLES**

## **PART 2 – SUPPORTING DOCUMENTATION**

### **1. BUDGET PROCESS**

The budget process is an effective process that every local government must undertake to ensure good governance and accountability. The process outlines the current and future direction that the district would follow in order to meet legislative stipulations. The budget process enables the district to optimally involve residents and other stakeholders in the budgeting process.

The preparation process is guided by the following legislative, requirements:

- Municipal Finance Management Act
- Municipal Systems Act and
- Municipal Structures Act

Vhembe District Municipality Budget/Integrated Development Plan (IDP) Review processes for the 20012/13 financial year started with the development and approval in August 2011 of the “Process Plan for the Budget formulation see below schedule

FIRST QUARTER			JULY-SEPTEMBER 2011	
ACTIVITY	TASK	RESPONSIBLE PERSON	PARTICIPANTS	TIME-SCHEDULE
1/1 Tabling Budget Process Plan	Tabling Development of Budget Process Plan	C.F.O, Finance Portfolio Chairperson and Executive Mayor	IDP Steering, Portfolio& Mayoral committees and Council	25 Aug 2011
1/2 Revenue Allocation	Determining Draft initial allocation to Votes (Departments)	C.F.O	Steering Committee & Management Committee	21 & 26 Sep 2011
	Determining Proposed Rates & Service Charges			
SECOND QUARTER			OCTOBER-DECEMBER 2011	
2/1 Report of the previous year Audited statement and Annual Report	Presenting of Auditor General Report and Draft Annual Report	C.F.O & Municipal Manager	Steering & Management Committees	05 Dec 2011
2/2 Prepare proposed Budget	Issuing Budget guidelines	C.F.O	IDP Steering Committee and Management.	12 Dec 2011

and Plans for the next Financial year.	Departmental Presentation of proposed Budget & Plans Presentation of Budget related Policies	All Departments	IDP Steering committee, Management Committees, and Local Labour Forum	19 Dec 2011
<b>THIRD QUARTER</b>		<b>JANUARY- MARCH 2012</b>		
3/1 Budget Adjustment	Presenting of Budget Adjustment	C.F.O	IDP Steering & Management Committees,	09 Jan 2012
3/2 Budget Adjustment	Submission of Budget Adjustment and Annual Report	C.F.O & Portfolio and Executive Mayor	Finance Portfolio & Mayoral Committees and Council	19 Jan 2012
3/3 Reporting of Audited Statement & Annual Report				
3/4 Consolidate Budget and Plans for the next Financial year.	Tabling of Consolidated Drafts IDP Review & Budget, Budget related Policies, Draft SDBIP and Plans for the next Financial year.	C.F.O, Municipal Manager & Portfolio and Executive Mayor	IDP/Budget Steering, Management, Mayoral Committees, IDP Rep Forum and Council	23 Mar 2012

FOURTH QUARTER						APRIL-JUNE 2012	
4/1 Approval of Budget	Submission of Draft Multi Year Budget to Stakeholders	C.F.O	National & Provincial Treasury and COGTA (DPLGH)	02 Apr 2012			
	Public Participation & Consultation Process	Executive Mayor	Public	04-06 Apr 2012			
	Consolidation of inputs, Finalization and Submission of Multi Year Budget.	C.F.O, Municipal Manager, Finance Portfolio Chairperson & Executive Mayor	IDP/Budget Steering, Management, Mayoral Committees, IDP Rep Forum and Council	24 May 2012			
	Submission of SDBIP						
	Submission of Approved Multi Year Budget to Stakeholders	C.F.O	National & Provincial Treasury and COGTA (DPLGH)	12 June 2012			
	Approval and Signing of Performance Agreement	Executive Mayor	Municipal Manager & Section 57 Managers	28 June 2012			

**2. MEASURABLE PERFORMANCE OBJECTIVES AND INDICATORS**  
**(Copy table SA8 and attach here)**

**3. OVERVIEW OF BUDGET- RELATED POLICIES**

The municipality has various policies which relate to budgeting and financial management in the municipality. These Financial policies comply with the MFMA and its promulgated regulations. The following attached budget related policies were amended:

- Credit Control and Debt Collection policy
- Supply Chain Management Policy
- Subsistence and Travelling Policy
- Cell phone and 3G usage Policy
- Asset Management Policy
- Virement Policy
- Petty Cash Policy

**4. OVERVIEW OF BUDGET ASSUMPTIONS**

Budget assumptions/parameters are determined in advance of the budget process to allow budgets to be constructed to support the achievements of the longer-term financial and strategic targets. The municipal fiscal environment is influenced by a variety of macro economic control measures. National Treasury provides guidelines on the ceiling of year-on-year increases in the total operating budget.

The following principles and guidelines directly informed the compilation of the budget:

- The priorities and targets in relation to the key strategic focus areas as determined in the IDP
- The tariff increases to take in to account service provision
- Division of Revenue Act
- An assessment of the capacity to implement the budget

- Expenditure trend of the current and the past three financial year
- The need to enhance the municipality's revenue base.

The multi year budget is therefore based on the following tariff increase:

#### **SALE OF TENDER DOCUMENTS**

	<b>2012/2013</b>		<b>2013/2014</b>		<b>2014/2015</b>	
<b>Inflation Rate</b>	<b>5.40%</b>		<b>5.60%</b>		<b>4.60%</b>	
		Tariff		Tariff		Tariff
Micro Project	3.47	67.72	3.79	71.51	3.29	74.80
Small Project	6.64	129.60	7.26	136.86	6.30	143.15
Medium Projects	10.11	197.31	11.05	208.36	9.58	217.94
Large Projects	16.69	325.70	18.24	343.94	15.82	359.76

Classification should be limited to the following categories:

Micro projects >30 000 but less than 150 000  
 Small projects > 150 000 but less than 500 000  
 Medium projects > 500 000 but less than 2 000 000  
 Large projects > 2 000 000

Rental of Thusong service centre

Rental payable per month for the lease of offices will be as follows:

Tariff	1 <sup>st</sup> year	2 <sup>nd</sup> year	3 <sup>rd</sup> year
	R25 per m2	6.5% escalation	6.5% escalation

## Water and Sanitation

The tariff for water and sanitation from local municipalities will be applicable with an increase of 10% in the 2012/13 budget year.

The water tariff is not yet cost reflective. It is proposed that the tariff be increased by 10% annually. The municipality is currently experiencing challenges with regards to the provision of water within the district.

## Community Services Tariff

inflation rate	5.40%		5.60%		4.60%	
	Half Yearly	yearly	Half Yearly	Yearly	Half Yearly	Yearly
Bulk Deposit	165.69	331.38	<b>174.97</b>	349.93	183.02	<b>366.03</b>
Dry cleaning rooms	88.37	176.73	<b>93.32</b>	186.63	97.61	<b>195.22</b>
Spraying rooms	88.37	176.73	<b>93.32</b>	186.63	97.61	<b>195.22</b>



Certificate of registrations issued to premises other than the above

	2012/2013			2013/2014		2014/2015	
	5.40%			5.60%		4.60%	
	Half Yearly	Inflation rate	yearly	Half Yearly	yearly	Half Yearly	yearly
Up to 2000 litre storage capacity	63.24	6.48	<b>126.48</b>	66.78	133.56	<b>69.85</b>	139.71
Up to 5000 litre storage capacity	126.48	12.96	<b>252.96</b>	133.56	267.13	<b>139.71</b>	279.41
Up to 20 000 litre storage capacity	252.96	25.92	<b>505.92</b>	267.13	534.25	<b>279.41</b>	558.83
Above 20 000 litre storage capacity	505.92	51.84	<b>1,011.84</b>	534.25	1,068.50	<b>558.83</b>	1,117.65

**FEES FOR EXAMINING VEHICLE**

	2012/2013			2013/2014		2014/2015	
Inflation rate	<b>5.40%</b>			<b>5.60%</b>		<b>4.60%</b>	
Road tank wagon	5.09	94.32	99.41	5.57	104.98	4.83	109.81
Motor vehicle	4.53	83.84	88.37	4.95	93.32	4.29	97.61
Any vehicle	2.26	41.92	44.18	2.47	46.66	2.15	48.80

	2012/2013			2013/2014	2014/2015		
Inflation rate	5.40%			5.60%	4.60%		
Call out charges							
Heavy duty pump unit	220.00	11.88	231.88	12.99	244.87	11.26	256.13
Medium duty pump unit	190.00	10.26	200.26	11.21	211.47	9.73	221.20
Light duty pump unit	160.00	8.64	168.64	9.44	178.08	8.19	186.28
Water tanker	190.00	10.26	200.26	11.21	211.47	9.73	221.20
Rescue tender	190.00	10.26	200.26	11.21	211.47	9.73	221.20
Service vehicle	120.00	6.48	126.48	7.08	133.56	6.14	139.71
Trailer or portable pump unit	120.00	6.48	126.48	7.08	133.56	6.14	139.71

**Service charges per hour or part thereof**

	2011/2012	2012/2013		2013/2014	2014/2015	
<b>Inflation rate</b>		<b>5.40%</b>		<b>5.60%</b>	<b>4.60%</b>	

Heavy duty pump unit	500.00	27.00	527.00	29.51	556.51	25.60	582.11
Medium duty pump unit	450.00	24.30	474.30	26.56	500.86	23.04	523.90
Light duty pump unit	400.00	21.60	421.60	23.61	445.21	20.48	465.69
Water tanker	450.00	24.30	474.30	26.56	500.86	23.04	523.90
Rescue tender	450.00	24.30	474.30	26.56	500.86	23.04	523.90
Service vehicle	350.00	18.90	368.90	20.66	389.56	17.92	407.48
Trailer or portable pump unit	350.00	18.90	368.90	20.66	389.56	17.92	407.48

<b>LABOUR CHARGES</b>	<b>2012/2013</b>			<b>2013/2014</b>	<b>2014/2015</b>		
<b>Inflation rate</b>		<b>5.40%</b>		<b>5.60%</b>		<b>4.60%</b>	
Per officer per hour	199.12	10.75	209.87	11.75	221.63	10.19	231.82
Per fire fighter per hour	157.20	8.49	165.69	9.28	174.97	8.05	183.02

**PERFORMANCE OF ANY STANDBY DUTY AT ANY PREMISES**

	<b>2012/2013</b>			<b>2013/2014</b>	<b>2014/2015</b>		
<b>Inflation rate</b>		<b>5.40%</b>		<b>5.60%</b>	<b>4.60%</b>		
Per fire fighter per hour or part thereof	125.76	6.79	132.55	7.42	139.97	6.44	146.41

**FILLING OF SWIMMING POOLS**

	<b>2012/2013</b>			<b>2013/2014</b>	<b>2014/2015</b>		
<b>Inflation rate</b>		<b>5.40%</b>		5.60%	4.60%		
Filling of Swimming Pool	838.40	45.27	883.67	49.49	933.16	42.93	976.08

## ENVIRONMENTAL HEALTH SERVICES

PROGRAMME	EXISTING RATES	PROPOSED FOR 2012-2013
1.CERFIFICATE OF ACCEPTABILITY(CATERERS)	R118.00	R170.00
2.CERTIFICATE OF ACCEPTABILITY FOR FOOD PREMISES	R118.00	BEE – R200.00
		BIG OUTLETS - R 350.00
3. CERTIFICATE OF FITNESS FOR PREMISES	R197-00	SMALL BUSINESS- R250.00
		BIG OUTLETS – R350.00
4.CERTIFICATE OF COMPETENCY -FUNERAL UNDERTAKERS	NEW	R500.00
5.HEALTH REPORT	NEW	R300-00
6.SITE INSPECTION FOR CIRCUMCISION SCHOOLS	NEW	R350-00
7.BUILDING PLANS-DWELLING	R60-00	R150-00
8.BUILDING PLANS-BUSSINES PLANS	R60-00	R350-00

## 5. OVERVIEW OF BUDGETING FUNDING

The funding of the operating and capital budget per source is as follows:

<b>DESCRIPTION</b>	<b>2011/12 Budget</b>	<b>2012/13 Budget</b>	<b>2013/14 Budget</b>
Regional Service Levy Replacement Grant	44,923,000.00	48,966,000.00	53,373,000.00
Municipal Systems Improvement Grant	1,000,000.00	940,000.00	950,000.00
Municipal Infrastructure Grant	359,404,000.00	379,128,000.00	420,504,000.00
Equitable Shares	431,516,000.00	462,069,000.00	496,267,000.00
Department of Transport Grant(Rural Road Asset Management Grant )	1,776,000.00	1,864,000.00	1,972,000.00
Local Government Finance Management Grant	1,250,000.00	1,250,000.00	1,250,000.00
Department of Water and Forestry Water Operations Subsidy	107,637,000.00	115,520,000.00	71,593,000.00
Interest on Investment	3,763,552.35	3,974,311.29	4,188,924.10
Rental of Property	51,407.30	54,286.11	57,326.13
Sale of Tender Documents	500,000.00	528,000.00	557,568.00
EPWP	4,862,000.00		
Water Sales	41,391,870.00	43,709,814.72	46,157,564.34
SARS Refund	44,137,000.00	46,608,672.00	49,218,757.63
<b>TOTAL</b>	<b>1,042,211,829.65</b>	<b>1,104,612,084.11</b>	<b>1,146,089,140.20</b>

## 6. EXPENDITURE ON ALLOCATIONS AND GRANT PROGRAMMES

Operating grants and subsidies represent the bulk of the revenue sources of the VDM. With the abolishment of RSC levies, the VDM is totally dependent on National and Provincial grants and subsidies as revenue source.

**7. ALLOCATIONS AND GRANTS MADE BY THE MUNICIPALITY**

The following allocation will be transferred to below mentioned Local Municipalities by 2011/12 financial year

Makhado	R14 154 000
Mutale	R12 469 340
Thulamela	R35 400 756
Musina	R 3 424 680
<b>Total</b>	<b>R65 448 776</b>

**8. COUNCILLOR ALLOWANCES AND EMPLOYEE BENEFITS**

Provision is made for an increase of 10% in Councilors Allowances bring to an amount of R7 700 411 and municipality also take into account the Salary and Wage Collective Agreement 2009/10 to 2011/2012. The agreement provides for a wage increase based on the average CPI for the period 1 February 2010 until 31 January 2011, plus 2 per cent. The average CPI for this period is 4.08 per cent, plus the 2 per cent gives a wage increase for employees of 6.08 per cent for the 2011/12 financial year, starting 1 July 2011.

See SA 22 Budget table on employee remuneration

**9. MONTHLY TARGETS FOR REVENUE, EXPENDITURE AND CASH FLOW**

See Budget Tables SA 27

**10. CONTRACTS HAVING FUTURE BUDGETARY IMPLICATIONS**

<b>Description of Contract</b>	<b>2011/12 Budget</b>	<b>2012/13 Budget</b>	<b>2013/14 Budget</b>
Rental of Computers and Office equipment – Meondo	3 000 000	3 000 000	3 000 000

Supply and Delivery of Stationery	4 945 474	5 252 093	5 561 967
Supply and delivery of cleaning Material			
Supply of Photocopiers	1 243 032	1 320 100	1 375 544
Provision of Security Services	12 011 766	12 756 517	13 292 290
Financial System support (Fijutsi)	500 000	531 000	562329
Repairs and maintenance of two-way radios	1 268 400	1 340 699	866 002
Internal Audit Services	833 180	880 672	935 273
Cost recovery Service	18 000 000	20 000 000	
Travel and Accommodation (Flight Special)	3 267 166	3 469 730	3 674 444
Rental of offices	700 000	743 000	774 622
Rental of vehicle	10 000 000	10 620 000	11 066 040
Micro soft Licences	1 000 000	1 062 000	1 106 040

## 11. CAPITAL EXPENDITURE DETAILS

Description	Amount
Community Services Projects	33 600 000
LED Projects	15 850 000
Electricity	15 000 000
Roads Projects	23 315 707
Refurbishment of water schemes	20 000 000
Water Projects	318 749 512
Social Cohesion	700 000
Sanitation Projects	145 610 000
Contribution to Capital Outlay	16 801 678
<b>TOTAL</b>	<b>589,626,897</b>



## **12. LEGISLATION COMPILATION STATUS**

### **Disclosure on implementation of MFMA chapter Legislation**

The passing of the MFMA into law was a key milestone that had a fundamental impact on municipal financial management that required transformation in financial discipline and planning processes.

The budget preparation for 20011/12 has met this entire key requirement.

The following are some of the MFMA areas and relative status

#### **IDP**

The 2011/12 review process is done, including public consultation as required by legislation

#### **BUDGET**

This annual budget has been develop taking the MFMA and national treasury requirements into account budget are being tabled and approved with the required legislative timeframes.

#### **ANNUAL**

The annual report has been developed in terms of the MFMA.

#### **IN YEAR REPORT**

Reports was done in terms of MFMA and National Treasury and send electronically copy National and Provincial Treasury

#### **BUDGET AND TREASURY OFFICE**

A budget and treasury office has been established in accordance with the MFMA and national treasury requirements

**SDBIP**

The SDBIP document is at preparation stage taking the MFMA requirements into account.

**AUDIT COMMITTEE**

An audit committee has been established

**13. OTHER SUPPORTING DOCUMENTS****14. MUNICIPAL MANAGER'S QUALITY CERTIFICATION**